

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF MT. OLIVET)	CASE NO. 7800-XX
NATURAL GAS COMPANY, INC.)	

O R D E R

On October 13, 1980, the Commission issued its Order in Case No. 7800 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On February 18, 1987, the Commission issued its Order in Case No. 7800-WW allowing Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") to pass on a decrease in rates from its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective January 1, 1987, and ordered Mt. Olivet to report to the Commission any excess revenues collected along with a plan to refund these excess revenues to its customers. On February 10, 1987, Mt. Olivet submitted its excess revenues and refund plan to the Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Mt. Olivet's notice of February 10, 1987, set out a refund factor which Mt. Olivet proposed to place into effect, said

refund factor being designed to pass on excess revenues in the amount of \$122 or 2.4 cents per Mcf.

(2) The refund factor should remain in effect for one month or until such time as the full amount plus interest has been returned to Mt. Olivet's customers.

(3) The refund should begin with meter readings taken on March 1, 1987, or as soon as practical thereafter.

(4) Mt. Olivet should refund the amount reported in its application plus interest at a rate equal to the average of the "3-Month Commercial Paper Rates" less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that:

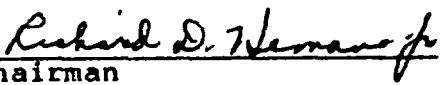
(1) Mt. Olivet shall apply a 2.4 cents per Mcf refund factor as a reduction in the approved purchased gas adjustment beginning with meter readings taken on March 1, 1987, or as soon as practical thereafter, and this refund factor shall remain in effect until such time as necessary so that the total amount refunded will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the amount herein reported plus interest.

(2) Within 30 days of the date the refund factor is terminated Mt. Olivet shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

(3) Within 30 days of the date of this Order Mt. Olivet shall file with this Commission its revised tariffs setting out the refund factor authorized herein. All other rates and charges shall remain in full force and effect.

Done at Frankfort, Kentucky, this 2nd day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director